

## **MPCC Group: Sanctions Compliance Policy**

### **Contents:**

- I. Introduction**
- II. Purpose**
- III. Scope**
- IV. What are Sanctions?**
- V. What countries and territories are targeted by sanctions?**
- VI. What are SDNs (Specially Designated Nationals and Blocked Persons)?**
- VII. US-Specific Primary and Secondary Sanctions and Licenses**
- VIII. When might employees encounter sanctions?**
- IX. Know your counterparty ("KYC")**
- X. MPCC's Contracts – Sanctions Clauses**
- XI. Red Flags – things to watch out for**
- XII. Chartering and Payments**
- XIII. Further requirements and reporting**
- XIV. Training**
- XV. Consequences of non-compliance**
- XVI. Monitoring and review**
- XVII. MPCC Compliance Team**
- XVIII. Exceptions**

Annex 1: Sanctions Compliance Policy Statement

Annex 2: MPCC Compliance Team

Annex 3: Isolation Procedures for U.S. Persons

    Appendix 1: Notification of new employee who is a U.S. Person

    Appendix 2: U.S. Persons Declaration

    Appendix 3: Email from MPCC Compliance team to line manager

Annex 4: High Risk Countries (as at 1 March 2022)

Annex 5: Business Partner Checks Policy

    Appendix 1: Risk Factors

    Appendix 2: Business Partners Checklist

Annex 6: Sanctions Clause Policy

    Appendix 1: Sanctions clause for charter parties

    Appendix 2: Sanctions clause for other contracts

Annex 7: Checklist for Chartering Department

Annex 8: Checklist for Finance Department

Annex 9: List of Business Partners for which No. 8 of Appendix 1 to Annex 5 shall not apply

## **I. Introduction**

MPC Container Ships ASA, hereinafter together with its subsidiaries referred to as "**MPCC**", is committed to complying with all applicable economic and trade sanctions through the identification and management of risk and by demonstrating the highest ethical and professional standards. MPCC's Board of Directors and management team recognises that a failure to comply with applicable sanctions would not only be a breach of its legal obligations (which may result in legal action and/or substantial fines) but could cause significant reputational damage for MPCC. MPCC refers employees to its *Sanction Compliance Policy Statement* at **Annex 1**.

## **II. Purpose**

This Sanctions Compliance Policy consists of a main body explaining the applicable core principles and terms plus nine Annexes containing additional information including important procedures and checklists (together the "**Policy**"). It is designed to ensure that every MPCC employee understands and complies with all applicable sanctions. This is particularly so given that MPCC operates in a high sanctions risk industry. This Policy sets out MPCC's management team's minimum expectations of risk management and compliance with sanctions. The Policy sets out guidance on what sanctions are, the measures that MPCC takes to comply with sanctions and to identify and manage risk, along with the consequences of failing to comply with the Policy.

## **III. Scope**

1. This Policy applies to MPCC's entire group of companies and extends to all countries and jurisdictions in which MPCC operates. This Policy applies to all MPCC employees in any capacity, including all on-shore and off-shore employees, directors, officers, agents and representatives. MPCC offices and group companies based outside the EU may be under additional local sanctions obligations. As a visa holder, a citizen or resident, of a particular country, employees may be subject to both the laws of where they may be working and their country of citizenship or permanent residence. A mere presence in a country can make an employee subject to the laws of a country.
2. Any addressee of this Policy who is in doubt as to whether they are subject to additional local sanctions obligations shall please contact the MPCC Compliance Team as set out at **Annex 2**.

## **IV. What are Sanctions?**

1. Sanctions are legal restrictions put in place by countries and international institutions, such as the United Nations ("**UN**"), the U.S Office of Foreign Assets Control ("**OFAC**") and the European Union ("**EU**"), and are used to achieve a variety of outcomes including to maintain or restore international peace and combat violations of international law and terrorism.
2. There are a number of different types of sanctions:
  - (i) **Financial sanctions** prohibit dealings with sanctioned persons, entities or governments. This can involve freezing the funds and economic resources

of the sanctioned person and prohibiting the transfer of funds to or from the sanctioned person.

(ii) **Other sanctions** can include prohibitions on specific types of activity, e.g., on provision of goods and services, the provision of insurance or re-insurance to sanctioned persons, import and export controls including a ban on arms, nuclear technology and related goods and targeted commodities.

(iii) There are also "**sectoral" sanctions** which target a specific sector of a country's business (for example, targeting the energy sector).

3. The purpose of economic or trade sanctions is essentially to restrict dealings with sanctioned countries, regimes, institutions, entities or individuals with the aim of effecting a desired political outcome (for example, regime change or the cessation of human rights abuses, military aggression, or activities related to nuclear proliferation).

## **V. What countries and territories are targeted by sanctions?**

Numerous countries and territories are targeted by some form of sanctions.

1. **Country-Wide Sanctioned Countries** – these are countries and territories to which the most comprehensive country-wide or territory-wide sanctions apply, essentially prohibiting all or almost all trade. These sanctions are often referred to as **Comprehensive Sanctions** given their country-wide application and comprehensive nature. As at the date of publishing of this Policy, MPCC considers the following to be "Country-Wide Sanctioned Countries":

- (i) The Crimea and Donbas regions of Ukraine
- (ii) Cuba
- (iii) Iran
- (iv) North Korea
- (v) Syria
- (vi) Russian Federation, and
- (vii) Belarus.

2. **U.S. Sanctioned Countries** – these are the countries targeted by comprehensive U.S. sanctions and with which U.S. Persons are prohibited with dealing. "U.S. Persons" are (i) U.S. citizens, (ii) U.S. resident and green card holders, regardless of where they are located; and (ii) persons (regardless of citizenship) located in the U.S.

As at the date of publishing of this Policy, MPCC considers in particular the following to be "U.S. Sanctioned Countries":

- (i) The Crimea region of Ukraine
- (ii) Cuba
- (iii) Iran
- (iv) North Korea
- (v) Syria
- (vi) Russian Federation, and
- (vii) Belarus.

Isolation procedures are in place to protect those employees of MPCC who are considered a U.S. Person. If you consider that a U.S Person is likely to be involved in any aspect of MPCC's business operations which would involve a U.S Sanctioned Country then the Isolation Procedures for U.S Person as set out at Annex 3 must be followed.

### **3. High Risk Countries for Sanctions**

Certain countries pose a higher risk of sanctions, even though they may not be classified as Country-Wide Sanctioned Countries or U.S. Sanctioned Countries within the categories listed above. This High Risk category includes all the countries and territories which are targeted with some form of sanctions by the UN, EU, UK and/or U.S. As at the date of publishing of this Policy, such High Risk Countries, which are likely to require higher vigilance and greater due diligence, are listed in Annex 4.

The categories of countries which are subject to Country-Wide Sanctions or are regarded as High Risk Countries may change from time to time as sanctions change. Further, sanction risks and the need to be vigilant is **not** limited to cases where you are dealing with countries in one of the above categories, as discussed further below.

## **VI. What are SDNs (Specially Designated Nationals and Blocked Persons)?**

1. For the purposes of this Policy, an "**SDN**" is a person or entity whose assets are frozen by the UN, EU, UK and/or U.S. SDNs can be identified by reviewing each of the lists maintained by the UN, EU, UK and U.S., as follows:  

UN: <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>  
EU: <https://www.sanctionsmap.eu/#/main>  
UK: <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>  
U.S.: <https://sanctionssearch.ofac.treas.gov/>
2. **In the U.S.** any entity owned 50% or more by an SDN or combination of SDNs (whether directly or indirectly), will itself be considered an SDN, even if it is not listed on the U.S. sanctions list.
3. **In the EU and UK** any entity owned more than 50% by an SDN (whether directly or indirectly) and any entity controlled by an SDN will itself be considered an SDN, even if it is not listed on the EU/UK sanctions lists. According to EU and UK guidance, satisfaction of at least one of the following criteria is sufficient to establish that an entity is "controlled" by an SDN:
  - (i) having the right or exercising the power to appoint or remove a majority of the members of the administrative, management or supervisory body of such legal person or entity;
  - (ii) having appointed solely as a result of the exercise of one's voting rights a majority of the members of the administrative, management or supervisory bodies of a legal person or entity who have held office during the present and previous financial year;

- (iii) controlling alone, pursuant to an agreement with other shareholders in or members of a legal person or entity, a majority of shareholders' or members' voting rights in that legal person or entity;
- (iv) having the right to exercise a dominant influence over a legal person or entity, pursuant to an agreement entered into with that legal person or entity, or to a provision in its Memorandum or Articles of Association, where the law governing that legal person or entity permits its being subject to such agreement or provision; or
- (v) having the power to exercise the right to exercise a dominant influence referred to in the point above, without being the holder of that right (including by means of a front company).

The above list is not exhaustive. Please also note that an entity may be less than 50% owned but in fact controlled by an SDN and therefore appropriate due diligence on counterparts and their ownership structures are critical.

4. MPCC will not work with Business Partners (or their related entities, ultimate beneficial owners etc.) if it is considered that such Business Partner is an SDN or is connected to an SDN.

## **VII. US-Specific Primary and Secondary Sanctions and Licenses**

1. The U.S. sanctions are often referred to as being "primary" or "secondary" sanctions. What this means is explained below:
  - (i) **Primary sanctions** – apply to U.S. Persons (as defined under Clause V.2 above) or transactions with a U.S. connection and carry potential monetary penalties for violations.
  - (ii) **Secondary sanctions** – apply to non-U.S. persons for transactions outside the U.S. and threaten sanctions against foreign persons for sanctionable conduct. They are extraterritorial in scope as they do not require a U.S. connection. For example, sanctions may be threatened against a non-U.S. party who has engaged in business with an Iranian person listed as a Specifically Designated National and Blocked Person by the U.S. The aim of secondary sanctions is to deter non-U.S. persons from directly or indirectly engaging in certain dealings which are deemed to be contrary to U.S. Sanctions.

### **2. Licenses**

In the U.S. OFAC sometimes issues licenses providing an authorisation to engage in a transaction that may otherwise be prohibited by sanctions. There are two types of licenses:

- (i) **General License** – this authorises a particular type of transaction for a class of persons without the need to apply for a license;

(ii) **Specific License** – a written document issued by the OFAC to a particular person or entity, authorising a particular transaction in response to a written license application.

A person engaging in a transaction pursuant to a General or Specific License must make sure that all conditions of the License are strictly observed. If all conditions are not strictly observed, a person is likely to be in breach of sanctions.

### **VIII. When might employees encounter sanctions?**

1. Sanctions can be encountered across nearly every type of work carried out by MPCC, and they could arise as a result of:
  - (i) the identity of the parties involved (charterers, sub-charterers, owners, suppliers, customers, producers, service providers, agents, supply chain shippers and receivers, third-party intermediaries, brokers, beneficial owners of sellers and buyers of vessels etc.) or the location of such parties;
  - (ii) the payment or receipt of funds from MPCC's counterparties (referred to within this Policy as "**Business Partners**") or any third parties, including the type of currency used;
  - (iii) the location or types of any goods, property, cargoes, assets or services involved; or
  - (iv) the activities in which MPCC are involved. For example, our trading may result in us being faced with issues arising out of:
    - **Embargoes** – may prevent all non-humanitarian trade with an entire country (such as Cuba, Iran, North Korea and Syria). The broad scope of the programme makes it easier to avoid violations by ensuring no trade takes place with the sanctioned country.
    - **Sectoral sanctions** – may prohibit all trade within an industry or sector, such as the petroleum industry. Whilst these programmes are limited in scope, when not transacting in the sanctioned sector, additional sanctions compliance measures may need to be taken when (a) transacting with entities that are linked to other entities known to operate in a sanctioned sector; and/or (b) carrying cargoes that may be a by-product of or used in a sanctioned sector. Further care must be taken when transacting in the surrounding region where the cargo may have its true origin concealed in order to evade the sanctions regime.
    - **Targeted individuals** – for example an individual may engage or be linked to drug trafficking or terrorism and therefore be an individual who is subject to sanctions. Moreover, where an oligarch or parent company is subject to sanctions, care must be taken to avoid trading with any of their subsidiaries.
2. MPCC employees must always consider the sanctions risk with all aspects of their employment activities.

## **IX. Know your counterparty ("KYC")**

It is of paramount importance to ensure that MPCC is aware of the identities of its counterparties referred to as "**Business Partners**" (such as charterers, ship buyers or sellers, suppliers, agents, service providers etc.). When on-boarding new Business Partners, MPCC employees must ensure that adequate information for KYC purposes is obtained and that the required KYC checks are cleared with the MPCC Compliance Team. Any KYC information needs to be kept up to date as the relationship or matter develops. Details of the KYC checks and the procedure, which are to be adhered to, are set out in MPCC's Business Partner Checks Policy in **Annex 5**, which should be carefully read and complied with by each employee. The extent of the KYC checks that are necessary may depend on the circumstances and this is explained in more detail in **Annex 5**.

Of particular importance to note is that the MPCC Finance Department should not be instructed or asked to make payments or raise invoices in any matter without the due diligence requirements of this Sanctions Compliance Policy having first been completed.

## **X. MPCC's Contracts – Sanctions Clauses**

In order to further protect MPCC against sanctions risk, MPCC has introduced standard form "Sanctions Clauses" which employees should include in contracts entered into with Business Partners. Each contract will need to be considered on a case-by-case basis in accordance with the Sanctions Clause Policy set out at **Annex 6**. The Appendices to **Annex 6** include one standard Sanctions Clause for inclusion in Time Charters (**Annex 6**, Appendix 1) and one standard Sanctions Clause for other contracts (**Annex 6**, Appendix 2). Please note that the inclusion of a Sanctions Clause is in addition to, and not instead of, KYC checks and due diligence in accordance with the procedures at **Annex 5**.

## **XI. Red Flags – things to watch out for**

1. In order to limit the risk of MPCC's involvement with sanctionable or illicit activities, employees must further be vigilant against the following tactics which may be adopted by Business Partners and/or third parties:
  - (i) **Complex ownership or management structures:** MPCC's Business Partners or third parties related to such Business Partners may utilise complex business structures and shell companies in order to hide or disguise the beneficial ownership of legal entities, cargo or commodities. Whilst complex ownership is often common in the shipping industry, MPCC employees should be mindful of a pattern of changes in ownership or management companies. If it is difficult to identify the real parties and beneficial owners interested in a transaction, then enhanced due diligence is required (see *Business Partner Checks Policy* at **Annex 5** for further information on the additional due diligence which is required).
  - (ii) **Falsifying cargo and vessel documents:** Authorities have found that sanctions evaders often falsify shipping documentation in order to disguise their origin. Falsifying such documents is illegal in most countries and documentation irregularities may provide a basis to detain a shipment until cargo documentation is validated. MPCC employees should ensure that

documents produced or presented to them by Business Partners and/or third parties are accurate. Employees should apply increased scrutiny to documents when dealing with sensitive cargo (such as petrochemicals, petroleum/its products, metals or sand) or cargo with suspect origins.

- (iii) **Ship-to-ship transfers ("STS"):** If a STS takes place in an area determined as high risk for illicit activity or at night, they may be used as a mechanism to conceal the origin or destination or cargo, particularly with respect to petroleum, coal and related materials. Whilst such transfers are not common in the container trade, chartered feeder vessels trading at high risk ports cannot be excluded from seeking to engage in tactics to evade sanctions. MPCC employees should exercise greater vigilance when STS operations are being proposed by Business Partners (e.g. charterers) or third parties.
- (iv) **Disabling or manipulating the Automatic Identification System ("AIS"):** The process of manipulating AIS data, often referred to as "spoofing", allows ships to broadcast inaccurate information such as, vessel name, IMO number or Maritime Mobile Service Identity.<sup>1</sup>
- (v) **Voyage irregularities:** A party, in order to evade sanctions, may disguise the ultimate destination or origin of cargo or recipients by using indirect routing, unscheduled detours, or transit or shipment of cargo through third countries. Extra scrutiny should be applied to voyages that deviate from normal practice.
- (vi) **False flags and flag hopping:** Sanctioned actors may falsify vessel flags or repeatedly register with new Flag States in order to avoid detection. Sharing of information is crucial to prevent flag hoppers from completing illicit trade. Several major flag states have adopted *The Registry Information Sharing Compact* to prevent continued abuse of flag registries.
- (vii) **Physically altering vessel identification:** Sanctioned actors have often painted over vessel names or IMO numbers or used electronic spoofing or hacking to obscure their identities or impersonate other vessels.

2. The above list has been issued by the US Sanctions Authority and needs to be closely considered. The above list is however not exhaustive and is set out above to provide MPCC employees with examples in order to flag the types of instances for which they should increase their vigilance and to provide heightened due diligence in respect of shipments that transit areas that are determined to present a high risk. Where you have concerns that a Red Flag has been raised, please contact the MPCC Compliance Team.

## **XII. Chartering and Payments**

MPCC have produced checklists for the Chartering Department (**see Annex 7**) and for the Finance Department (**see Annex 8**). The checklists are aimed at providing the respective departments with guidance to assist them in considering the sanctions risk posed when engaged in chartering vessels and making and/or receiving payments.

<sup>1</sup> It is recommended to include a Switch Off Clause in T/Cs to avoid abuse

### **XIII. Further requirements and reporting**

MPCC expects all its employees to be accountable and responsible for their own actions and not be involved in any activities that are not compliant with all applicable sanctions. MPCC employees should:

- (i) read, regularly review, and apply this Policy;
- (ii) understand and meet their sanctions obligations, including those that arise as a result of their presence in a particular country or as a citizen of a particular country;
- (iii) in no event act to circumvent sanctions or to avoid detection of a transaction in breach of this Policy;
- (iv) when working in departments that deal with making or receiving payments, such as finance and accounting, be responsible for considering whether or not payments are related to sanctioned countries or are affected by sanctions and, in case of concerns, these should be raised with the MPCC Compliance Team; and
- (v) remain vigilant to ensure compliance with this Policy. If an MPCC employee suspects a potential breach of MPCC's obligations under this Policy, they **must** report that potential breach **immediately** to the MPCC Compliance Team. MPCC shall use all reasonable endeavours to keep the name of any person making such report confidential, unless required by law or its regulators to disclose such information. To report such potential breach the MPCC employee may also use the MPCC Whistleblower hotline, accessible under <https://mpcc.integrityline.com>.

### **XIV. Training**

MPCC provides sanctions training to its employees at least annually or whenever there is a substantial change in the law, this Policy or MPCC's procedures. The MPCC Compliance Team will determine the content and criteria for training for both on-shore and off-shore employees. The completion of training is compulsory.

### **XV. Consequences of non-compliance**

1. A failure to comply with this Policy could have serious consequences for both MPCC and individual employees, including criminal and civil liability, fines, and reputational damage. The penalties for failing to comply with sanctions can be severe. MPCC takes compliance with this Policy extremely seriously. Due to the importance of this Policy, a failure to comply with any requirement may lead to disciplinary actions.
2. If you have any questions or concerns about anything in this Policy, do not hesitate to contact the MPCC Compliance Team.

### **XVI. Monitoring and review**

1. Compliance with this Policy will be monitored by the MPCC Compliance Team. The MPCC Compliance Team will review this Policy at least annually as part of its overall risk management process.

2. MPCC aims to ensure that this Policy and related procedures are appropriate to the risks that MPCC faces, based on an assessment of the given risks.
3. MPCC will also review this Policy if:
  - (i) there are any material changes in the applicable sanctions law and/or the U.S. Sanctions Authority or another relevant sanctions authority issues an updated Guidance for ship owners and other maritime industry participants;
  - (ii) MPCC identifies or is altered to a deficiency in this Policy; or
  - (iii) there are material changes in the nature of MPCC's business which impact upon this Policy.

## **XVII. MPCC Compliance Team**

1. The MPCC Compliance Team (see **Annex 2**) has the responsibility for this Policy and its updates. The Chief Compliance Officer is designated with responsibility for managing sanctions risk in the MPCC group.
2. The MPCC Compliance Team will check from time to time the compliance of the MPCC employees with this Policy.
3. Should assistance by any other MPCC teams be needed, these shall support the MPCC Compliance Team upon request.
4. If anyone has any questions or requires any further information in respect of this Policy and its application, please contact the MPCC Compliance Team. The same applies in respect of any concerns about sanctions.
5. The contact details of the members of the MPC Compliance Team are to be found in **Annex 2**.

## **XVIII. Exceptions**

The above procedures in this Sanctions Compliance Policy and its Annexes shall be followed by all MPCC employees and, to the extent these are involved, also external technical managers and crew managers. However, in exceptional circumstances the MPCC Board of Directors and/or the Chief Compliance Officer may authorise exceptions if and to the extent these are in their reasonable opinion necessary without exposing MPCC to an unacceptable sanctions risk. Such authorised exceptions are to be documented in writing. Such exceptions granted, if any, and their respective reason shall be considered when reviewing and updating this Sanctions Compliance Policy.

**Constantin Baack**  
**CEO**

**Dr. Benjamin Pfeifer**  
**CFO and CCO**

Date last reviewed: 3 March 2022

Latest date of next review: 2 March 2023

**ANNEX 1*****(MPCC Sanctions Compliance Policy Statement)***

MPC Container Ships ASA together with its subsidiaries are collectively referred to as "**MPCC**" within this Sanctions Compliance Policy Statement (the "**Policy Statement**").

MPCC is dedicated to maintaining high standards of business conduct and is committed to complying with all applicable laws and regulations in each of the countries it operates in. MPCC complies with e.g. UN, EU, UK and U.S. sanctions regimes in order to ensure that its operations are not used to facilitate, directly or indirectly, violations of applicable economic or trade sanctions.

MPCC expects its Business Partners to ensure that they comply with this Policy Statement and to assist MPCC to ensure its compliance with such statement.

MPCC has developed and implemented a sanctions compliance policy which sets out the requirements and minimum standards it applies to ensure compliance with its sanctions obligations. The policy is subject to periodic review by the MPCC Compliance Team and approval by senior management.

This Policy Statement has been approved by MPCC's Management.

**ANNEX 2**  
**(MPCC Compliance Team)**

**The MPCC Compliance Team consists of (1) the CFO, (2) the External Compliance Manager and (3) the Capital Markets Compliance Manager, with the following responsibilities:**



**The contact details of the MPC Compliance Team are:**

<b>Chief Compliance Officer ("COO"):</b>	Dr. Benjamin Pfeifer Email: <a href="mailto:b.pfeifer@mpc-container.com">b.pfeifer@mpc-container.com</a> Phone: +49 171 550 5533
<b>External Compliance Officer:</b>	Rechtsanwalt Christian Karl, LL.M. Email: <a href="mailto:rechtsanwalt@christiankarl.com">rechtsanwalt@christiankarl.com</a> Phone: +49 40 5149 1664
<b>Capital Markets Compliance Officer:</b>	Andreas Nguyen Email: <a href="mailto:a.nguyen@mpc-container.com">a.nguyen@mpc-container.com</a> Phone: +47 92 05 25 70

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**ANNEX 3*****(Isolation Procedures for U.S. Persons)***

These procedures are intended to protect those MPCC employees who are defined herein as a "**U.S. Persons**", namely a:

- (i) U.S. citizen;
- (ii) U.S. resident;
- (iii) green card holder; or
- (iv) person (regardless of citizenship) located or present in the U.S.

Note that the procedures outlined below apply to all MPCC employees, management and members of MPCC's Board of Directors. References to employees within this procedure should therefore be read accordingly.

**I. General principles to be followed by MPCC employees**

Subject to any general or specific licences that may have been issued by the United States Office of Foreign Asset Control ("OFAC") permitting dealings with a particular entity/ individual/ payment/ transaction:

- (i) No U.S. Person may be involved in "dealings", or the facilitation of transactions, directly or indirectly, with individuals or entities in the Crimea region of Ukraine, Cuba, Iran, North Korea, Syria, Belarus, or the Russian Federation (each of which is referred to hereinafter as a "**U.S. Sanctioned Country**"). This requirement extends to all U.S. Person employees.
- (ii) No U.S. Person may facilitate a non-U.S. Person's involvement in "dealings" with a U.S. Sanctioned Country. This requirement extends to all U.S. Person employees. Although the below should not be considered an exhaustive list, "dealing" or "facilitating" are likely to include by way of examples:
  - (a) a U.S. Person responding substantively to a company-wide email requesting recommendations for a correspondent from Syria or another U.S. Sanctioned Country;
  - (b) a U.S. Person requesting a member of the accounts/finance department (who is a non-U.S. Person) to process a payment to a person in Iran or another U.S. Sanctioned Country;
  - (c) a U.S. Person attending a meeting at which business or services in, or relating to, a U.S. Sanctioned Country are discussed; or
  - (d) a U.S. Person working within the marketing team, promoting a charterer from Cuba or another U.S. Sanctioned Country.
- (iii) No U.S. Person may deal with any SDN<sup>2</sup>, wherever they are located, or with any SDN asset. This prohibition extends to entities that a SDN owns (defined as a direct

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<sup>2</sup> Please see Clause VI. of the MPCC Sanctions Compliance Policy for the definition of "SDN".

or indirect ownership interest of 50% or more), regardless of whether any such entity is separately named on the U.S. SDN List.

- (iv) U.S. Persons are also subject to restrictions on dealing with any individual or entity on the U.S. Sectoral Sanctions List ("SSL") or with the Government of Venezuela or the Venezuela state oil company.
- (v) Individuals who are non-U.S. Persons working on matters relating to a U.S. Sanctioned Country must not report to (or be assisted by) U.S. Persons with respect to such matters.
- (vi) U.S. Persons may not market or provide any MPCC services in a U.S. Sanctioned Country.
- (vii) U.S. Persons may not be involved in facilitating transactions or providing advice (other than pure sanctions advice) or assistance, relating to a U.S. Sanctioned Country.

## **II. Isolation Procedures to be followed by all MPCC employees**

The following procedures must be followed to isolate U.S. Persons.

- (i) Where a U.S. Person working on a MPCC business deal or service becomes aware that, under the MPCC Sanctions Compliance Policy, they should be excluded from working on such matter, they shall:
  - (a) inform their line manager **immediately** that they cannot continue to be involved in the matter;
  - (b) have no further involvement with the matter; and
  - (c) notify their "isolation" and surrounding circumstances to the *MPCC Compliance Team*.
- (ii) The line manager shall:
  - (a) re-assign the work to a non-U.S. Person; and
  - (b) send out any necessary communications to other affected parties (including, but not limited to, other team members).

## **III. Procedures to be followed by the MPCC Compliance Team**

- (i) If no U.S. Person can work on a particular business deal or service or with a particular entity or individual; and
- (ii) a U.S. Person works within the team to which the above business deal, service or entity or individual is involved then:
  - (a) an information barrier will be put in place by the MPCC Compliance Team excluding all U.S. Persons from the same; and
  - (b) MPCC Compliance Team will send an email to the team advising of why a barrier to lock down information is necessary (see **Appendix 3**).

**IV. Procedures to be followed by the MPCC Compliance Team with HR (outside the U.S. only)**

- (i) Upon receipt of an email "Notification of new employee who is a U.S. Person" from HR in the form of **Appendix 1**, the MPCC Compliance Team shall direct that HR request the U.S. Person to sign the "U.S. Persons Declaration" in the form of **Appendix 2** and provide the same to the MPCC Compliance Team.
- (ii) The MPCC Compliance Team shall keep a record of staff nationalities.
- (iii) Where it is evident that the particular MPCC employee would be sitting within a team where a U.S. Person is present, the MPCC Compliance Team should remind the new employee's line manager of any isolation procedures that will need to be put in place.

**V. Procedures to be followed by HR and external Crew Managers (outside the U.S. only)**

- (i) For each newly appointed MPCC employee ashore, who is
  - U.S. citizen,
  - U.S. resident,
  - green card holder, or
  - a person (regardless of citizenship) located or present in the U.S.(hereinafter referred to as "**U.S. Person**") HR will send an email "Notification of new employee who is a U.S. Person" in the form of **Appendix 1** to the MPCC Compliance Team.
- (ii) In addition HR must ensure that each respective new employee ashore receives, completes and returns the "U.S. Persons Declaration" in the form of **Appendix 2** as a matter of urgency and send this to the MPCC Compliance Team at least one working day prior to commencing employment at MPCC.
- (iii) HR shall provide the MPCC Compliance Team, on a quarterly basis, an updated list of all MPCC employees ashore where the following information is given:
  - (a) nationality;
  - (b) any other nationalities/citizenships they may hold; and
  - (c) country of residence.
- (iv) Where the above information cannot be verified by HR for an MPCC employee, they should consult the MPCC Compliance Team.
- (v) Where any U.S. Person is asked to change their office location, HR should consult with the MPCC Compliance Team as to whether the above procedures need to be adopted.
- (vi) For U.S. Persons newly appointed as employees on board of MPCC owned vessels, the obligations as per above Sub-clauses (i)-(v) shall apply for the relevant crew

manager as if (i) it was named therein instead of HR, (ii) references to "MPCC employees ashore" were references to "MPCC employees on board of MPCC owned vessels", and (iii) the reference to a change of the "office location" was a reference to the change of the respective vessel to which the employee is assigned. "MPCC owned vessels" means any vessel owned by a company belonging to the MPCC group.

**Appendix 1 to ANNEX 3:*****(Notification of new employee who is a U.S. Person)***

"Dear MPCC Compliance Team,

**Notification of new employee who is a U.S. Person:** [insert name of new employee]

Start date:

Job title:

Team:

Line Manager:

Office:

Kind regards"

**Appendix 2 to ANNEX 3:**  
***(U.S. Persons Declaration)***

"I have read MPCC's Sanctions Compliance Policy. I understand and agree that, for my own protection, I will comply with MPCC's Sanctions Compliance Policy in its entirety (including the '*Isolation Procedures*' set out in the Sanctions Compliance Policy).

Signed: .....  
Date: ....."

**Appendix 3 to ANNEX 3:*****(Email from MPCC Compliance Team to line manager)***

"Dear [insert name]

You will recall that [insert details of the matter/deal/service etc.] (hereinafter the **“Project”**) was dealt with on the basis that no U.S. Person should work for such Project.

The Project has now been locked down by the MPCC Compliance Team. No U.S. Person will be allowed to access any files associated with the Project.

Please inform your team that no U.S. Person may work on the Project. Please also remind your team to comply with MPCC's Sanctions Compliance Policy attached, and that the 'no U.S. Persons' prohibition will apply to all MPCC employees. As such, please ask your team to be cautious when discussing the Project with other departments, unless they know for certain that there are no U.S. Persons in that department(s).

Should you have any queries or concerns please contact the MPCC Compliance Team.  
Kind regards"

#### **ANNEX 4**

#### ***(High Risk Countries for Sanctions as at 1 March 2022)***

**High Risk Countries for Sanctions** – certain countries pose a higher risk of sanctions, even though they may not be classified as Country-Wide Sanctioned Countries or Sanctioned Countries. This High Risk category includes all the countries and territories which are targeted with some form of sanctions by the UN, EU, UK and/or U.S. The table below includes both countries subject to Country-Wide Sanctions and High Risk Countries as of the date of publishing the MPCC Sanctions Policy:

Afghanistan	Sanctions: UK/EU/UN	Libya	Sanctions: UK/EU/U.S./UN
Belarus	Sanctions: UK/EU/U.S.	Mali	Sanctions: UK/EU/U.S./UN
Bosnia and Herzegovina	Sanctions: EU	Moldova	Sanctions: EU
Burundi	Sanctions: UK/EU/U.S.	Montenegro	Sanctions: EU/UN
Central African Republic	Sanctions: UK/EU/U.S./UN	Myanmar (Burma)	Sanctions: UK/EU/U.S.
China	Sanctions: UK/EU/U.S.	Nicaragua	Sanctions: UK/EU/U.S.
Congo, Democratic Republic	Sanctions: UK/EU/U.S./UN	Russian Federation	Sanctions: UK/EU/U.S.
Cuba	Sanctions: U.S.	Serbia	Sanctions: EU/UN
Egypt	Sanctions: UK/EU	Somalia	Sanctions: UK/EU/U.S./UN
Guinea, Republic of (Conakry)	Sanctions: UK/EU	South Sudan	Sanctions: UK/EU/U.S./UN
Guinea-Bissau, Republic of	Sanctions: UK/EU/UN	Sudan (North)	Sanctions: UK/EU/U.S./UN
Haiti	Sanctions: EU/UN	Syria	Sanctions: UK/EU/U.S.
Hong Kong	Sanctions: UK/EU/U.S.	Tunisia	Sanctions: UK/EU
Iran	Sanctions: UK/EU/U.S./UN	Turkey	Sanctions: UK/EU
Iraq	Sanctions: UK/EU/U.S./UN	Ukraine (Crimea and Donbas regions)	Sanctions: UK/EU/U.S.
Korea (North), DPR of	Sanctions: UK/EU/U.S./UN	Venezuela	Sanctions: UK/EU/U.S.
Lebanon	Sanctions: UK/EU/U.S./UN	Yemen	Sanctions: UK/EU/U.S./UN
		Zimbabwe	Sanctions: UK/EU/U.S.

#### **Key**

High Risk Countries – Countries to which some form of sanctions apply
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Country-Wide Sanctioned Countries
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## **ANNEX 5**

### **(Business Partner Checks Policy)**

I. MPCC expects all of its Business Partners to ensure that they comply with all applicable sanctions and to have an appropriate Sanctions Policy in place or be aware of MPCC's expectation that they should have such policy in place.

In order for MPCC to ensure it understands the Business Partners' businesses with which it works, certain information and documents must be obtained in order to "Know Your Counterparty" ("KYC"). KYC requires collecting information about each Business Partners' activities and objectives. This enables MPCC to carry out due diligence to minimise the risk of engaging in any activities which may pose a sanctions risk.

KYC checks and due diligence must be carried out on Business Partners both at the onset of a relationship with a Business Partner and by periodically updating the collected information.

#### **1. LEVELS OF DUE DILIGENCE**

Standard Due Diligence is generally the minimum required and should be performed in each case subject to the further explanation below. There are only limited reasons which may justify a departure from Standard Due Diligence, and in some cases the due diligence will need to be even more detailed and extensive than the Standard. This is all explained in more detail below.

##### **(a) Standard Due Diligence**

Standard Due Diligence is the normal approach. It requires to send to the Business Partner the covering message and the table of questions in the Business Partners Checklist (attached at Appendix 2 to this **Annex 5**) and to obtain from the Business Partner all respective information and documents. All KYC information should be proactively requested and collected by the MPCC employee responsible for the relevant Business Partner and passed to the MPCC Compliance Team for review. **No transaction shall be confirmed by MPCC Employees pending the answer and confirmation of the MPCC Compliance Team.**

The MPCC Compliance Team will review and either

- (i) approve the proposed Business Partner prior to you engaging the relevant Business Partner,
- (ii) request additional KYC information, or
- (iii) deny its approval and inform the relevant MPCC employee accordingly.

The MPCC Compliance Team will store the KYC information on our systems.

If a Business Partner is unable or unwilling to provide any of the requested KYC information, either at the onset of MPCC's relationship with that Business Partner, or as KYC information is updated periodically as the relationship continues, the MPCC Compliance Team should be informed **immediately**.

**(b) Enhanced Due Diligence**

In certain circumstances, Standard Due Diligence on a Business Partner may not be sufficient and additional checks are needed. For example, if

- (i) the MPCC employee responsible for the relevant Business Partner or the MPCC Compliance Team identifies concerns in the information and documents provided by the Business Partner in their responses to the *Business Partners Checklist*,
- (ii) the Business Partner, (or the persons or entities who own or control the Business Partner) is located in a country which has Country-Wide Sanctions or which is High Risk,
- (iii) negotiations or previous experience with the Business Partner may have raised a "Red Flag" and it appears to be reasonable to be extra vigilant,
- (iv) there are one or more High Risk factors present as per the table at Appendix 1, and/or
- (v) responses to the Standard Due Diligence suggest the Business Partner has a complex and non-transparent ownership structure which makes it difficult to identify the real parties and ultimate beneficial owners.

Such concerns about a Business Partner and anything suspicious or worrying that is raised in the Standard Due Diligence (or which otherwise becomes apparent) must be discussed with the MPCC Compliance Team. They will review the Standard Due Diligence and any concerns raised, and will give advice and guidance.

The MPCC Compliance Team will be responsible for directing any Enhanced Due Diligence measures which may include:

- (i) advising on what further questions to ask, and what information to request from the Business Partner,
- (ii) seeking additional independent, reliable sources to verify information provided or made available to MPCC,
- (iii) taking additional measures to better understand the background, ownership and financial situation of the Business Partner, and any other third parties involved in any transactions,
- (iv) Increasing the monitoring of the business relationship, including greater scrutiny over the Business Partner's operations, transactions and documents it may issue, and/or
- (v) taking legal advice either internally or from external counsel before deciding whether to proceed with an order, contract or transaction.

**(c) Limited Due Diligence**

**There are only few circumstances in which a lower standard of due diligence than Standard Due Diligence may be acceptable.**

To operate efficiently and successfully as a shipping business including a fleet of vessels that need maintenance, repairs and spare parts often on short notice, MPCC recognises that whilst it is fully committed to a strict and compliant sanctions approach, MPCC and its agents such as technical managers need to proceed in some matters without the delays caused by waiting for Standard Due Diligence. Examples would be orders for spare parts, appointment of service providers (such as ship surveyors, maritime lawyers) and some contracts such as those for maintenance and repair of our ships and emergency dry-dockings. Thus MPCC adopts a risk-based approach to evaluating where KYC might be performed in a more limited manner for some Business Partners.

In order to consider whether Limited Due Diligence may be appropriate, the tables in Appendix 1 to this **Annex 5** must always be consulted. Only Limited Due Diligence may be requested from the Business Partner if

- (i) the subject matter of the order/appointment/contract is specifically mentioned in the table of Low Risk factors and NONE of the High Risk Factors are present **AND**
- (ii) the MPCC employee responsible for the relevant Business Partner believes that the subject of the review qualifies as a rare and limited instance where carrying out Standard Due Diligence is unnecessary and will lead to delay causing prejudice to the operation or safety of a vessel/crew or financial or reputational damage to MPCC or one of its charterers **AND**
- (iii) the Business Partner is a bank/financial institution or insurance company which is a Regulated Third Party (as set out below in section 2 of this **Annex 5**).

Limited Due Diligence consists of questions 1-8 of the Checklist in Appendix 2. Questions 3-5 may be dispensed with if it appears necessary to do so in rare and limited circumstances. At the same time as asking the Business Partner for the Limited Due Diligence the MPCC Compliance Team is to be informed in writing that only Limited Due Diligence has been requested with a brief explanation of the respective reasons.

Where a High Risk factor is present Limited Due Diligence is not permitted except where specifically provided for in this Sanctions Manual or an exemption is authorized in accordance with Section 8 of this **Annex 5**.

**(d) No Due Diligence**

**In rare circumstances, it is permissible to proceed without due diligence.**

**(i) Time Critical Matters**

In some rare circumstances (for example, the immediate avoidance of risk to life or serious damage to property) (a "**Time Critical Matter**"), it may be

necessary to proceed without due diligence. In some cases, due diligence may be impossible or impractical, or the delay caused by performing due diligence could have severe consequences to life or property. An example would be a Master signing a salvage contract where a Vessel is in danger and the salvors urgently need to proceed in an effort to save the crew/vessel/cargo.

If you proceed without performing any due diligence in a Time Critical Matter, at the first reasonable opportunity thereafter notice is to be given in writing to the MPCC Compliance Team that it has been entered into a contract or order or given directions for someone else to do so, including some brief information about the matter, including why it was necessary to proceed without due diligence. Nevertheless Standard Due Diligence must be carried out after the event, to check whether continuing the contract or relationship carries a sanctions risk. This should be considered in consultation with the MPCC Compliance Team.

#### **(ii) Matters which are not Time Critical**

The MPCC employee responsible for the relevant Business Partner must not proceed without due diligence unless it is one of the very rare cases where the matter is a Time Critical Matter as explained above. If that employee believes that a particular matter justifies acting with no due diligence at all (not even Limited Due Diligence), the MPCC Compliance Team must be contacted and explained why, and waited for their answer. It is very likely that they decide that nevertheless some form of due diligence is needed.

## **2. REGULATED THIRD PARTIES**

- (i) In some cases MPCC will be dealing with Business Partners who are regulated third parties such as an accountant, auditor, notary, lawyer, financial institution, insurer or investment bank (a "**Regulated Third Party**"). The Business Partner may be listed on a regulated market and has provided confirmation of such listing or such listing is public knowledge.

In some cases, due diligence may already have been carried out on a Business Partner by a Regulated Third Party and the results have been provided to you, for example KYC checks conducted on a Business Partner by an accountant, auditor, notary or lawyer.

However, even a regulated entity or individual can become subject to sanctions or be involved in a High Risk matter. Standard Due Diligence is to be performed unless one of the exceptions set out above for Limited Due Diligence applies.

- (ii) Banks/Financial Institutions

MPCC works regularly with a number of leading banks and financial institutions on an ongoing basis and is committed to only engaging with financial institutions who are subject to a high level of regulation. MPCC will not work with any financial institution that is subject to sanctions and does

not work with financial institutions in any of the countries subject to Country-wide sanctions as set out in **Annex 4**. Given the high level of regulation of our bank and financial institution partners and the strict policies in relation to sanctions generally applicable to regulated financial institutions, a Limited Due Diligence level is deemed to be appropriate to them. The MPCC Sanctions Compliance Team shall keep on record answers only to questions 1, 2 and 6-8 of the Business Partners Checklist in **Annex 5**, which information shall in most cases already be available to us from our dealings with the financial institution and if not shall be obtained from publicly available sources or alternatively requested from the bank/financial institution.

(iii) **Insurance Companies**

Similarly, MPCC works regularly with a number of leading insurers. For example, the ships that we own are all entered for P&I insurance with members of the industry-leading International Group of P&I Clubs. The insurances placed for our ships for Hull & Machinery, War and Loss of Hire are placed with leading insurers, in a large number of cases in the Norwegian and German insurance markets. Thus our insurance partners are subject to a high level of regulation including in relation to sanctions. MPCC will not work with any insurers that are subject to sanctions and does not work with insurers in any of the countries subject to Country-wide sanctions as set out in **Annex 4**. Given the high level of regulation of our insurers and the strict policies in relation to sanctions applicable to such regulated insurers, a Limited Due Diligence level is deemed to be appropriate to them. The MPCC Sanctions Compliance Team shall keep on record answers only to questions 1, 2 and 6-8 of the Business Partners Checklist in **Annex 5**, which information shall in most cases already be available to us from our dealings with those insurers and if not may be obtained from publicly available sources or alternatively shall be requested from the insurers themselves.

(iv) If there is doubt about the level of due diligence to apply in such a matter the MPCC Compliance Team must be consulted. They can advise and take steps to satisfy due diligence, for example investigating whether the Regulated Third Party is indeed regulated and any individual professional involved holds a relevant license to practise, and checking whether the Regulated Third Party is a politically exposed person or subject to any sanctions, disciplinary proceedings or regulatory investigations.

### **3. UPDATING DUE DILIGENCE**

- (i) Some due diligence will just be a “one-off” because the Business Partner has cleared due diligence as set out herein, the transaction or contract is of short duration, and the relationship with the Business Partner comes to a natural end.
- (ii) Other relationships and contracts will continue, in some cases for many years, for example suppliers, contractors, charterers on long-term business, and it is necessary to update due diligence. The status of some Business Partners might change, their ownership might change, the countries in which they

operate might change, and the sanctions regimes from the U.S. or other countries is continuously evolving. New parties are regularly added to lists of SDNs.

- (ii) If an MPCC employee ever becomes aware of a potential sanctions risk with an existing Business Partner such as a Red Flag or High Risk factor in the table in Appendix 1, the MPCC Compliance Team must be informed immediately and details provided even where that Business Partner previously cleared due diligence. Extra vigilance must be exercised where MPCC has an on-going relationship with a Business Partner where High Risk factors are present, or concerns or questions arose during previous due diligence and we were nevertheless able to proceed with the Business Partner.
- (iii) Even where no specific causes for concern have arisen, MPCCs due diligence must periodically be updated. As a general rule this should be performed no less than once a year. The Business Partner should be sent the *Business Partners Checklist* attached at Appendix 2 and asked if there have been any changes to the answers and information they previously supplied and, as deemed appropriate, they must be asked to submit updated information and documents.
- (iv) Although an annual check is a general rule, the frequency by which KYC checks are to be updated will depend on the types of business MPCC is conducting with our Business Partners and whether or not there are any changes within our Business Partners' businesses, such as:
  - (aa) Where any High Risk factors or Red Flags arise or were identified in previous due diligence, you must consider even shorter intervals such as every quarter or half year.
  - (bb) If the MPCC employee responsible for the relevant Business Partner or another employee becomes aware that the identity of the Business Partner, or the Business Partner's beneficial owners, may have changed.
  - (cc) It is identified that the Business Partner is engaging in activities which are not reasonably consistent with MPCC's relevant knowledge of the Business Partner's business.
  - (dd) Any other matter which may affect your assessment of the sanction risk in relation to the Business Partner.
- (v) If the MPCC employee responsible for the relevant Business Partner believes that a periodical review is not necessary at all, or not necessary annually, the MPCC Compliance Team is to be contacted in writing and recommended that such annual review is not necessary with reasons, and the MPCC Compliance Team will consider this and advise.

#### **4. KEY CONTRACTS**

- (i) Where the contract in question is a Key Contract as defined in Appendix 1, due diligence must be performed for each and every contract irrespective of whether due diligence was cleared for an earlier contract.

- (ii) Chartering contracts have their own Checklist as set out at **Annex 7** which must be used for each charter.
- (iii) Sub-clauses (i) and (ii) shall not apply in respect of those Business Partners listed in **Annex 9**. The list in **Annex 9** shall be subject to periodical review and update as necessary by the Chief Compliance Officer and/or the MPCC Compliance Team.
- (iv) Sub-clause (i) above shall not apply in respect of banks/financial institutions and insurers, as explained in section 2 above (Regulated Third Parties).

## **5. ON-GOING SUPPLIES AND ORDERS**

Where the relationship is with a supplier or contractor from whom multiple orders are placed on an on-going basis by or on our behalf for example ship supplies and spare parts and these are not Key Contracts, MPCC acknowledge that it is not practical to update due diligence for each order. Nor is it practical to insist that MPCC's agents such as technical managers require that such suppliers submit due diligence information to them for every order. There may be hundreds or even thousands of orders each year. Periodical updates to due diligence as set out above may be more appropriate except where High Risk factors or Red Flags are identified.

The MPCC Compliance Team is always available to advise and support.

## **6. PAYMENTS AND INVOICES**

Until the due diligence requirements of this **Annex 5** have been completed for the particular contract, transaction or matter in question, the MPCC Finance Department should not be instructed or asked to make payments or raise invoices for said matter.

## **7. SANCTIONS CLAUSES IN OUR CONTRACTS**

Having suitable Sanctions Clauses in our contracts is another important way of assisting MPCC to manage sanctions risks, and those clauses are aimed at allowing us to decline to perform certain business where there are sanctions risks and even to terminate contracts in some cases. **Annex 6** to this Sanctions Compliance Policy contains MPCC's standard contract clauses. The first of those clauses is for inclusion in Time Charters (**Annex 6**, Appendix 1) and the second is a Sanctions Clause for inclusion in all other contracts (**Annex 6**, Appendix 2). Sanctions Clauses in contracts are in addition to, not instead of, due diligence as set out above.

## **8. EXCEPTIONS**

In some exceptional circumstances the MPCC Board of Directors and/or the Chief Compliance Officer may authorise exceptions to procedures pursuant to this **Annex 6** if and to the extent these are in their reasonable opinion necessary (e.g. if certain

information as per Appendices 1 and/or 2 cannot reasonably be obtained from the respective Business Partner) without exposing MPCC to an unacceptable sanctions risk. Such authorised exceptions and the reasons for granting the exception are to be documented in writing.

## **9. AGENTS ACTING FOR MPCC OR AN MPCC GROUP COMPANY**

- (i) Where an agent of MPCC is acting **routinely** on its behalf (for example, a technical manager of a ship is entering into orders or contracts on behalf of a ship in the MPCC fleet such as purchasing ship supplies or contracting for repairs and crew managers), appropriate steps are to be taken to seek to ensure that the agent follows substantially the same due diligence principles as per this Annex 5. The MPCC Compliance Team and/or Chief Compliance Officer shall identify those agents who should receive relevant parts of the MPCC Sanctions Manual including this Annex 5, and those agents shall be provided with a copy and advised that their due diligence procedures should be substantially the same as MPCC's.
- (ii) The agent shall further be advised that upon request they are expected to provide MPCC with the respective KYC information for each Business Partner for which that agent has concluded a contract for and on behalf of MPCC (respectively any MPCC group company). This is necessary to enable MPCC to carry out its own due diligence, and/or to check randomly the agent's compliance with MPCC's due diligence requirements.
- (iii) As with all MPCC employees the respective agent may consult the MPCC Compliance Team in all matters related to this **Annex 5**. Always provided that the due diligence principles set out in this **Annex 5** are substantially followed by the agent, it is acknowledged that such agents may have their own forms, checklists and procedures for carrying out due diligence.

### **Appendix 1 to ANNEX 5**

#### ***(Risk Factors)***

Please ensure that you have read all of the MPCC Sanctions Policy and **Annex 5** to understand how to apply the tables below.

#### **I. HIGH RISK FACTORS**

The below are deemed to be High Risk factors as referred to in **Annex 5**. You must also consult the list of High Risk Countries in **Annex 4**.

1	The business partner is based in or has a presence in a country subject to Country-Wide Sanctions or which is a High Risk Country as per Annex 4.
2	A Red Flag has been raised as set out in the MPCC Sanctions Policy Section XI.
3	The subject matter of the contract is operating in a sector which has often been targeted by sectoral sanctions (for example, military equipment or parts used in nuclear weapons or installations, oil, petroleum products).
4	The Business Partner or any of its shareholders, directors, officers or beneficial owners is known to you to be an SDN or sanctioned entity or a citizen of a country subject to Country-Wide Sanctions.
5	The business has been brokered or introduced by a third party such as an agent or broker in a country which is subject to Country-Wide Sanctions or which is a High Risk Country.
6	The contract is of high value (being a contract that exceeds USD 250,000 [Two Hundred Fifty Thousand United States Dollars] in terms of the amount being paid or received by MPCC).
7	It is proposed that the contract in question is subject to the laws and/or jurisdiction of a country which is either subject to Country-Wide Sanctions or is a High Risk Country for Sanctions.
8	<p>The contract falls into one of the following "Key Contract" categories <b>and</b> the relevant Business Partner is not listed in Annex 9:</p> <ul style="list-style-type: none"> <li>a) a charterparty/contract of affreightment/vessel-sharing or slot charter agreement, vessel pool agreement, ship sale and purchase, shipbuilding contract or ship-scraping contract;</li> <li>b) a ship management contract;</li> <li>c) a financing agreement;</li> <li>d) a contract of marine insurance;</li> <li>e) a joint venture agreement;</li> <li>f) a contract for the merger or acquisition of a company;</li> <li>g) the purchase of land or commercial property;</li> <li>h) a contract that involves or relates to the holding of monies on trust or escrow account by an MPCC company;</li> <li>i) a contract where public procurement is involved;</li> </ul>

	j) any contract intended to run for more than 3 years without an ordinary termination right thereafter.
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Matters involving Chartering (**Annex 7**) or the Finance Department (**Annex 8**) have their own dedicated due diligence checklists which must be consulted in every case.

## **II. LOW RISK FACTORS**

The below are deemed to be Low Risk factors as referred to in **Annex 5**.

1	The contract is purely local in nature (e.g. office cleaning services, IT, recruitment for shore based personnel, catering) where both the provider and the recipient of the services are based in the same jurisdiction, and that jurisdiction is either Norway or Germany.
2	The contract is with a service provider based in Norway or Germany and is subject to the laws and jurisdiction of Norway or Germany.
3	The Business Partner is a listed company on a regulated exchange in Norway or Germany.
4	The contract is of low value (being a contract that is below USD 100,000 (Hundred Thousand United States Dollars) either in terms of the amount being paid or received by MPC.)
5	The contract is for a service provider such as a ship surveyor or maritime lawyer from a recognized firm in the shipping industry and the appointment is approved by a regulated insurer such as the P&I club or Hull underwriter.
6	The contract is for the provision of standard spare parts to a container vessels owned or controlled by MPCC and the supplier is a recognized industry supplier and not based in a country with Country-Wide Sanctions and not a High Risk Country.

**III.** If there is insufficient information in order to consider whether or not the matter involves High or Low Risk factors or if there is doubt whether or not such risks are involved, the MPCC Compliance Team is to be contacted. The same applies if there are High and Low Risk factors in the same matter.

**Appendix 2 to ANNEX 5*****(Business Partners Checklist)***

The following checklist shall be used for requesting KYC information from Business Partners:

"To whom it may concern,

MPC Container Ships ASA (the "**Company**", together with its subsidiaries the "**Group**") is a container shipping company engaged in the global marine transportation of containerised goods. The main business activity of the Group is to invest in maritime assets with a particular focus on feeder container vessels, chartering out the vessels per time charter agreements, operating and selling them.

The Company's shares are listed on the Oslo Stock Exchange since May 2018. Financial, corporate governance and corporate social responsibility reporting is governed by Norwegian public limited liability company and securities trading legislations, listing rules and continuing obligations as set forth by the Oslo Stock Exchange, and the Norwegian Code of Practice for Corporate Governance. Reporting requirements are supervised by the Norwegian Financial Supervisory Authority.

The Company is dedicated to maintaining high standards of business conduct. The Company is committed to complying with the applicable laws and regulations in each of the countries it operates in. Amongst others, the Company complies with UN, EU and US sanctions regimes in order to ensure that its operations are not used to facilitate, directly or indirectly, violations of applicable economic or trade sanctions.

The Company expects all of its business partners to ensure that they comply with all applicable sanctions and to have an appropriate Sanctions Policy in place.

As part of our corporate governance and compliance measures, the Company will perform Business Partner Checks prior to entering into and during cooperation with business partners. For this purpose, we herewith kindly ask to be furnished with the following documentation in the English language:

1	Full Name of business partner (including full style such as "AS", "GmbH", "Ltd", "SA" etc).
2	Trading, abbreviated and any previous names of business partner.
3	Copy of Certificate of Incorporation or Certificate of a currently valid Business Registration not older than three months (stating e.g. the business partner's business registration number, tax identification number, business address, date of establishment and identity of its directors).
4	Company registration number and name of company register ( <i>unless provided pursuant to number 3 above</i> )

5	Registered address (i.e. the legal address that is entered in the official register of enterprises and to which all governmental communications are addressed) <i>(unless provided pursuant to number 3 above)</i>
6	Trading address (i.e. the location of business premises which may differ from the registered address).
7	Details of the business partner's business activities and industry sector.
8	Name, position and contact details of a contact person at the business partner and that person's relationship to the business partner, plus the names of the directors and officers of the company.
9	Organizational chart setting out the names of any parent and subsidiary companies of the business partner.
10	Organizational chart setting out the beneficial shareholding of the business partner, showing the ultimate beneficial shareholder (i.e. any individual person holding directly or indirectly more than 25% of the business partner's shares or voting rights) and documents identifying this ultimate beneficial shareholder. <b><i>Such organizational chart is not required if the business partner is a publicly listed or publicly controlled company.</i></b>
11	Is the business partner or its parent listed or traded on any recognized, designated or approved stock exchange? If so, please provide details.
12	In case any director/beneficial owner (holding directly or indirectly more than 25% of the business partner's shares or voting rights) of a business partner is itself a company, the full suite of information and documents (as set out above) will be required for this director/owner company until such time as the acting/owning person is a natural person.
13	A written or email confirmation of adherence to the Company's Business Partner Guideline (available at MPC Container Ships' website), herein a confirmation that neither the business partner nor its related parties, owners/directors are (to the best of their knowledge) placed on sanctions lists or identified as a politically exposed person, "Blocked Person", "Denied Person", "Specially Designated National" or similar.

The Company may require additional information and documentation from time to time. The Company should be grateful to receive the business partner's full and swift cooperation in respect of any additional requests.

The Company thanks its business partners in advance for their kind understanding and cooperation.

## **ANNEX 6**

### **to the MPCC Group – Sanctions Compliance Policy Manual**

#### **(Sanctions Clause Policy)**

In order to protect MPCC against sanctions risk, relevant contracts should contain appropriate sanctions clauses. To facilitate the use of such sanctions provisions, MPCC has obtained external legal expertise and introduced suggestions for standard form "Sanctions Clauses" which employees should endeavour to include into contracts that are entered into on MPCC's behalf.

It should be noted that these clauses may require amendment on a case by case basis. If anyone should have any questions in respect of the suggested clauses or in relation to amendments proposed by MPCC's counterparts, please do not hesitate to contact the MPCC Compliance Team.

#### **1. Sanctions clause for charter parties**

- (i) Where possible and subject to negotiation with the Charterers on a case by case basis, the sanctions clause attached as **Appendix 1** should be included in time charter parties for MPCC's container vessels. This template is generally based on the wording of the *BIMCO Sanctions Clause for Container Vessel Time Charter Parties 2021* but contains various amendments in favour of the ship owner.
- (ii) Where negotiations will not allow to agree on the improved terms of this sanctions clause, the *BIMCO Sanctions Clause for Container Vessel Time Charter Parties 2021* will be acceptable, provided that additional requirements of the financiers of MPCC will be considered.
- (iii) The MPCC Compliance Team is to be contacted and involved in any case where negotiations with Charterers neither allow to agree on the sanctions clause as attached as **Appendix 1** nor on the standard *BIMCO Sanctions Clause for Container Vessel Time Charter Parties 2021* without amendments.

#### **2. Sanctions clause for other contracts**

- (i) The second sanctions clause attached as **Appendix 2** is a general sanctions clause which is to be considered for inclusion in any relevant contracts other than time charters either (aa) directly in the respective contract or (bb) by implementation into MPCC's Business Partner Guideline (with logical amendments only) and acceptance of that guideline by the respective business partner.
- (ii) The MPCC Compliance Team is to be contacted in any particular case where it is not thought possible or appropriate to include the general sanctions clause or where it is proposed by MPCC or by a Business Partner to substantially amend this sanctions clause.

**Appendix 1 to ANNEX 6*****(Sanctions clause for charter parties)***

(a) For the purposes of this Clause:

**“Sanctioning Authority”** means the United Nations, European Union (incl. each member state), Norway, United Kingdom, United States of America or any other applicable competent authority or government (and any authority or governmental institutions acting on behalf of any of them).

**“Sanctioned Party”** means any persons, entities, bodies, or vessels designated by a Sanctioning Authority.

**“Sanctioned Cargo”** means any cargo, with respect to that cargo’s voyage, in which a Sanctioned Party has an interest or the loading, carriage, or the discharging of which is sanctioned or prohibited by a Sanctioning Authority.

(b) Owners warrant that at the date of this Charter Party and throughout its duration they, the registered owners, bareboat charterers, intermediate disponent owners, managers, the Vessel and any substitute are not a Sanctioned Party.

(c) Charterers warrant that at the date of this Charter Party and throughout its duration they and any sub-charterers are not a Sanctioned Party.

(d) Charterers warrant that the Vessel shall not be used:

- (i) in any manner which would be in violation of sanctions;
- (ii) by or for the benefit of a Sanctioned Party;
- (iii) in any trade involving a country or territory that is subject to comprehensive sanctions;
- (iv) in any manner that could cause the Owners’ financiers to be in violation of sanctions; or
- (v) in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Vessel’s insurances.

(e) Owners and Charterers warrant that at the date of this Charter Party and throughout its duration they shall comply with any and all Sanctions.

(f) If at any time either party is in breach of subclause (b) to (e) above then the party not in breach may terminate and/or claim damages resulting from the breach.

(g) Charterers shall not carry Sanctioned Cargo that they know or should have known is a Sanctioned Cargo.

(h) The Charterers shall indemnify and hold the Owners harmless against all claims, costs, losses, and fines or penalties, arising out of the carriage of Sanctioned Cargo, unless such

Sanctioned Cargo is found to have been secreted in containers by or with the complicity of the Master, officers and/or crew without the knowledge of the Charterers or the Charterers' agents.

(i) The Owners or the Master shall be entitled to refuse any instructions from Charterers if compliance with such instructions would result in a breach of applicable sanctions or which in the opinion of Owners would be in violation of sanctions.

(j) If Owners are obliged for any reason to comply with "know your customer", "know your customer's customer" or similar identification procedures in circumstances where the necessary information is not already available to them, Charterers shall, promptly on the request of Owners, supply (or procure the supply of) such documentation and other evidence as is reasonably requested in order for Owners to carry out, and be satisfied that they have complied with, all necessary "know your customer", "know your customer's customer" or other similar checks under all applicable laws and regulations.

**Appendix 2 to ANNEX 6*****(Sanctions clause for other contracts)***

- 1 Nothing in this Agreement is intended, and nothing herein should be interpreted or construed, to induce or require either party hereto to act in any manner (including failing to take any action) which is inconsistent with, penalised or prohibited under any laws, regulations, decrees, ordinance, order, demand, request, rules or requirements of the United States of America, UN, UK, Norway, EU, any EU member state or any other applicable competent authority or government body which relate to international boycotts of any type, including but not limited to trade sanctions, foreign trade controls, export controls, non-proliferation, anti-terrorism and similar laws (the "**Trade Restrictions**").
- 2 Neither party shall be obliged to perform any obligation otherwise required by this Agreement (including without limitation an obligation to perform, deliver, accept, sell, purchase, pay or receive monies to, from, or through a person or entity, or engage in another acts) if this would be in violation of, inconsistent with, or expose such a party to punitive measures under, any laws, regulations, decrees, ordinances, orders, demands, request, rules or requirements of the United States of America, UN, UK, Norway, EU, any EU member state or any other applicable competent authority or government body applicable to the Trade Restrictions.
- 3 Where any performance by a party would be in violation of, inconsistent with, or expose such party (the "**Affected Party**") to punitive measures under, the Trade Restrictions, the Affected Party shall be entitled to immediately suspend the affected obligation under this Agreement (whether payment or performance) until such time as the Affected Party may lawfully carry out the obligation and/or may immediately terminate this Agreement by providing written notice to the party in default and/or claim damages resulting from the breach.
- 4 Nothing in this Clause shall be taken to limit or prevent the operation, where available under the governing law of this Agreement, of any doctrine analogous to the English common law doctrine of frustration.
- 5 If [*counterparty's name*] engages any third party in respect of this Agreement, [*Counterparty's name*] warrants that any contracts with any such third party includes a sanction compliance provision.
- 6 If [*MPCC*] is obliged for any reason to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, [*counterparty's name*] shall, promptly on the request of [*MPCC*], supply (or procure the supply of) such documentation and other evidence as is reasonably requested in order for [*MPCC*] to carry out, and be satisfied that it has complied with, all necessary "know your customer" or other similar checks under all applicable laws and regulations.

**ANNEX 7****to the MPCC Group- Sanctions Compliance Policy*****(Time Charter Risk Assessment Form)***

To be completed prior to entering into any binding agreement for a Time Charter. Please consider the following questions in respect of Sanctions and answer the same to the best of your knowledge and belief.

To the extent that the below questions refer to information regarding the business partners, agents, etc. of the Charterers it is acknowledged that even if asked for this information MPCC's Charterers may not provide such information or may be contractually restrained from doing so.

If the answer to any of questions 1-6 is **YES** or the answer to any of questions 7-9 is **NO** or the required information to answer the question cannot be obtained from the Charterer please contact the MPCC Compliance Team. The MPCC Compliance Team will consider the potential risk of exposure to sanctions, carry out further due diligence and decide upon the appropriate next steps.

If the answers to questions 1-6 are all **NO**, and to questions 7 -9 are all **YES** and you have no other reason to believe that there is a sanctions risk, please proceed to read the declaration at the end of this document prior to signing. If you have any questions in respect of this risk assessment form, please contact the MPCC Compliance Team.

For Charterers listed in **Annex 9** to the Sanctions Compliance Policy only questions 1 and 7-9 need to be answered.

1. Is the proposed Charterer (or the legal or beneficial owner of the Charterer) **so far as you can determine** located in any of the following countries: Cuba, Iran, Venezuela, Myanmar, China, North Korea, Belarus, Russia, Syria, South Sudan or the Crimea or Donbas Regions of the Ukraine or any of the High-Risk Countries (as set out in Annex 4 to the Sanctions Compliance Policy)?

**Yes / No** (*delete as appropriate*)

2. Is any shipbroker/bank/insurance company of the Charterer located in any of the following countries: Cuba, Iran, Venezuela, Myanmar, China, North Korea, Belarus, Russia, Syria, South Sudan or the Crimea or Donbas Regions of the Ukraine or any of the High-Risk Countries (as set out in **Annex 4** to the Sanctions Compliance Policy)?

**Yes / No / Not to be answered** (*delete as appropriate*)

3. **As far as you can determine**, is or will any sub-Charterer be located in any of the following countries: Cuba, Iran, Venezuela, Myanmar, China, North Korea, Belarus, Russia, Syria, South Sudan or the Crimea or Donbas Regions of the Ukraine or any of the High-Risk Countries (as set out in **Annex 4** to the Sanctions Compliance Policy)?

**Yes / No / Not to be answered** (*delete as appropriate*)

4. Is the potential Charterer a sanctioned entity under the US, EU, UN /UK sanction regimes? \*\*see question 9

**Yes / No / Not to be answered** (*delete as appropriate*)

5. Is any director/officer/shareholder of the Charterer a Specifically Designated National or Blocked Person(s) (as defined in Clause VI. of the Sanctions Compliance Policy)? \*\*see question 9

**Yes / No / Not to be answered** (*delete as appropriate*)

6. Is any company or person which directly or indirectly owns or controls any interest in the Charterer, a Specially Designated National or Blocked Person(s) (as defined in Clause VI. of the Sanctions Compliance Policy)? \*\*see question 9

**Yes / No / Not to be answered** (*delete as appropriate*)

7. Will the proposed Charter include a trading exclusions clause so that the Charterer cannot order the Vessel to any of the following countries: Cuba, Iran, Venezuela, Myanmar, North Korea, Belarus, Russia, Syria, South Sudan or the Crimea or Donbas Regions of the Ukraine or any of the usual countries for which it would be standard to be excluded in MPCC's Charter Parties from time to time?

**Yes / No** (*delete as appropriate*)

8. Will the proposed Charter include a sanctions clause in accordance with MPCC's Sanctions Clause Policy (as set out at Appendix 1 to **Annex 6** of the Sanctions Compliance Policy)?

**Yes / No** (*delete as appropriate*)

9. Have you provided the MPCC Compliance Team with the relevant names and information so that they can run checks to assist with answering questions 4-6 above, and were the checks clear?

**Yes / No** (*delete as appropriate*)

### **Declaration**

**I confirm that I have considered the sanctions risks applicable to the proposed Charter in accordance with the MPCC Sanctions Compliance Policy. To the best of my knowledge and belief my answers to the above questions are accurate. Where any of the above questions or answers require me to contact the MPCC Compliance Team or where I have any other sanctions concerns in relation to the Charter, I confirm that I have contacted the MPCC Compliance Team accordingly.<sup>3</sup>**

**Name:** .....

**Date:** .....

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<sup>3</sup> If you are unable to confirm this declaration, please contact the MPCC Compliance Team.

After signature the completed form is to be forwarded to the MPCC Compliance Team.

**ANNEX 8****to the MPCC Group- Sanctions Compliance Policy*****(Payment Checklist)***

Prior to making the first payment to a NEW VENDOR the below questions must be considered and answered.

**IF YOU ARE UNABLE TO TICK ANY OF THE FOLLOWING COMPLIANCE STATEMENTS, PLEASE CONTACT THE FINANCE DIRECTOR OR MPCC COMPLIANCE TEAM AND PLEASE DO NOT MAKE THE PAYMENT UNLESS AND UNTIL THEY AUTHORISE IT:**

I do not believe that the payment relates in any way to business (e.g. contract, goods, services) connected to: Cuba, Iran, Myanmar, North Korea, Belarus, Russia, Syria, Sudan, South Sudan or the Crimea or Donbas regions of the Ukraine.

I do not believe the payment is going directly or indirectly to a US Specifically Designated National (SDN) or an EU/UK designated person or entity as per Clause 6 of the MPCC Sanctions Compliance Policy.

I do not believe the payment is going directly or indirectly to an individual or entity in any of the following sanctioned countries: Cuba, Iran, Myanmar, North Korea, Belarus, Russia, Syria, Sudan, South Sudan or the Crimea or Donbas regions of Ukraine.

I do not believe that the payment is going directly or indirectly to an individual or entity in a High-Risk Country as defined in **Annex 4** to the MPCC Sanctions Compliance Policy.

I have confirmed the bank details for the beneficiary with a verifiable/known source.

**NOTE REGARDING EXISTING VENDORS:** if you are requested to make a payment to a person or company in Cuba, Iran, Myanmar, North Korea, Belarus, Russia, Syria, Sudan, South Sudan or the Crimea or Donbas regions of the Ukraine, please contact the Finance Director or MPCC Compliance Team and please do not proceed with any payments until they authorise it.

**Signed by (employee name):**

**Date:**

**ANNEX 9****to the MPCC Group – Sanctions Compliance Policy Manual***(List of Business Partners**for which No. 8 of Appendix 1 to Annex 5 shall not apply)*

Appendix 1 to Annex 5 No. 8 shall not apply for contracts with the following companies:

**1. Charterers:**

COSCO incl. "Diamond Line" and "New Golden Sea Shipping"  
CMA CGM (incl. "APL")  
Maersk Line (incl. "Seaboard", "Sealand Maersk Asia Pte. Ltd. (MCC)", "Sealand Europe (A/S)")  
Hapag Lloyd  
One  
MSC  
Wan Hai Lines

**2. Technical Managers / Crew Managers:**

Wilhelmsen Ahrenkiel Group / Wilhelmsen Group  
Hartmann Dry Cargo Germany GmbH & Co. KG  
Reederei Nord GmbH  
Marlow Navigation Company Limited  
Marcrew Schiffahrts GmbH

**3. Commercial Managers:**

Harper Petersen & Co. Group

**4. Any company of which the majority of the shares is owned by one or more MPCC group companies and/or MPC Capital group.**